



CONSUMER ADVOCATES OF THE PJM STATES

June 28, 2019

VIA ELECTRONIC DELIVERY

The PJM Board of Managers
c/o Ake Almgren, Ph.D., Chairman
PJM Interconnection, L.L.C.
PO Box 1525
Southeastern, PA 19399-1525

Andrew L. Ott
President and Chief Executive Officer
PJM Interconnection, LLC
PO Box 1525
Southeastern, PA 19399-1525

Dear Chairman Almgren, the PJM Board of Managers, and Mr. Ott:

We, the Members of the Consumer Advocates of the PJM States ("CAPS"),¹ wanted to express our appreciation for the leadership and support provided by Mr. Ott during his tenure at PJM. At a time when we were struggling to find our voice and place within the PJM community, Mr. Ott was always willing to meet with us and share his perspectives on any issue. His encouragement to pursue our proposal to be funded through a PJM tariff was invaluable, laying the foundation for the active engagement you now see from our member advocates. The role of CEO is never an easy one, and Mr. Ott continued to make time to work with us even as the demands on his time grew. For that, Andy, we want to express our sincere thanks, and we wish you all the best in your future endeavors.

We would also like to thank Sue Riley for assuming the responsibilities of interim CEO. We look forward to working with her and appreciate her honesty and accountability regarding the GreenHat default.

As Board members, there is probably no more challenging and important task in front of you than the selection of a new President and CEO. The Board must consider the needs of PJM as an organization, and where it believes the future lies. The independence of the Board is vital to ensuring that the views of all stakeholders are considered equally.

At our meeting in May, we spoke of an issue on many members' minds: the culture of PJM. Any transition in leadership provides an opportunity to take a fresh look at how an organization functions and its relationship with its members. A new CEO provides a chance

¹ The statements in this letter have been authorized by CAPS' Board of Directors with the exception of the Office of the Ohio Consumers' Counsel ("OCC"). The OCC did not take a position on this letter.

to start anew in creating the culture we all want to see. Transparency and openness around the CEO search will be a good first step to creating a more open and accountable PJM. As we think about the challenges in front of PJM and its members, we wanted to share our thoughts on those cultural priorities.

The CEO of PJM should be someone who has shown support for wholesale competitive markets and the value they provide to consumers. Competition lowers costs while allowing room for new technologies to provide value. Competition in the wholesale markets is critical to maintaining affordable and reliable service. To that end, the next CEO should be someone who also understands how important it is to extend the benefits of competition to the transmission planning process and to further, not hinder, competition in that process. The success of PJM's mission is critical to millions of customers, and should be served using all competitive tools available.

PJM's customers are also increasingly affected by state policy decisions around the environmental and economic impacts of different types of generating resources. Policy makers will continue to seek investments which serve their constituents' needs, whether those are investments in behind-the-meter resources, storm-hardening efforts, or specific environmental goals. PJM should partner with states to find out how best to achieve state goals and its markets should reflect integration, not separation from the states PJM serves. It is also important that PJM and its Independent Market Monitor continue to find ways to work together given their respective roles. Just as PJM recognizes the rights of states to their policies, PJM must recognize the right of the IMM to be an independent body. Arguments parsing tariff language distract from the larger questions of how to use competitive markets to provide affordable and reliable electricity service. The new CEO should be someone who is willing to work with the IMM and welcome an independent evaluation of PJM's markets

The IMM, PJM, and indeed all members, will be focused in coming months on the question of whether, and if so, how, PJM's markets should evolve. Understanding the value proposition behind any proposed changes is essential. It is important that PJM commit to provide information concerning the costs to customers of proposed changes in a timely manner. Because the costs of PJM's markets and operations are ultimately borne by PJM customers, products and services offered by PJM should have clear consumer benefits. The next CEO must be committed to maintain an open and honest dialogue with all stakeholders.

We look forward to being part of that dialogue. Our member advocates will work with you, the new leadership team, and PJM's strong community of staff, members, and stakeholders to ensure that PJM continues to be a leader in delivering least-cost, reliable service to the customers who depend upon it.

Thank you,

A handwritten signature in black ink, appearing to read "Kristin Munsch", is written over a thin horizontal line.

Kristin Munsch
President, Board of Directors